



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2706
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

WENDY L. WATANABE
CHIEF DEPUTY

January 4, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **LOS ANGELES COMMUNITY COLLEGE DISTRICT OF LOS ANGELES
MISSION COLLEGE CONTRACT – A COMMUNITY AND SENIOR
SERVICES WORKFORCE INVESTMENT ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of Los Angeles Community College District of Los Angeles Mission College (LACC or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) program provider.

Background

CSS contracts with LACC, an educational institution to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The Agency is located in the Third District.

LACC is compensated on a cost reimbursement basis. LACC's contract was for \$384,786 for Fiscal Year 2006-07.

Purpose/Methodology

The purpose of the review was to determine whether LACC complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a selected number of the Agency's staff and clients.

Results of Review

Overall, LACC provided the program services to eligible participants and the Agency maintained sufficient internal controls over its business operations. In addition, LACC's expenditures were allowable, accurately billed to CSS and supported by documentation. LACC also appropriately prepared their Cost Report and allocated shared costs in accordance with their Cost Allocation Plan. However, LACC did not obtain criminal clearances for employees working on the WIA program or always maintain appropriate documentation in the employees' personnel files. For example, LACC did not maintain copies of the employees' job descriptions, resumes/applications or current driver's licenses in the employees' personnel files for all five employees sampled.

Details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with LACC and CSS on November 14, 2007. In their attached response, LACC concurred with our findings and recommendations.

We thank LACC for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Karen A. Hoefel, Vice President of Administrative Services, Los Angeles Community
College District of Los Angeles Mission College
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
LOS ANGELES COMMUNITY COLLEGE DISTRICT OF
LOS ANGELES MISSION COLLEGE
FISCAL YEAR 2006-07**

ELIGIBILITY

Objective

Determine whether the Los Angeles Community College District of Los Angeles Mission College (LACC or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for ten (29%) of the 34 participants that received services between July 2006 and March 2007 for documentation to confirm their eligibility for WIA services.

Results

All ten participants met the eligibility requirements for the WIA Adult and Dislocated Worker Programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether LACC provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for ten (29%) participants that received services between July 2006 and March 2007. We also interviewed five participants.

Results

LACC provided services in accordance with the County contract and WIA guidelines. In addition, the five participants interviewed stated that the services they received met their expectations.

Recommendation

There are no recommendations for this section.

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed LACC's February 2007 bank reconciliation.

Results

Generally, LACC properly recorded and deposited cash receipts and revenues in a timely manner. However, LACC did not obtain two authorized signatures on all checks as required by the County contract. This finding was noted in the prior two years' monitoring reviews. LACC submitted a letter to Community and Senior Services (CSS) in November 2007 requesting an exemption from this requirement.

Recommendation

- 1. LACC management obtain two authorized signatures on all checks unless CSS management responds to the request for exemption.**

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 59 (76%) of the 78 non-payroll expenditure transactions billed by the Agency for September and December 2006, totaling \$15,656.

Results

LACC's expenditures were allowable, accurately billed to CSS and supported by documentation.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

LACC maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether LACC's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's equipment and inventory listing. In addition, we conducted a physical inventory and reviewed the usage of 21 (16%) of the 135 items funded by WIA funds, totaling \$35,309.

Result

LACC used the items purchased with WIA funding for the WIA Programs and the items were appropriately safeguarded. However, LACC did not update the inventory listing to reflect the correct location of one equipment item and the Agency's inventory listing did not include the County tag numbers for all 135 items listed as required. Subsequent to our review, LACC updated the inventory listing to correct the location of the item and to include the County tag numbers.

Recommendation

- 2. LACC management ensure that the equipment and inventory listing is regularly updated and that it includes all the required information.**

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA Programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures invoiced for ten employees totaling \$33,284 for December 2006 to the Agency's payroll records and time reports. We also interviewed one staff and reviewed the personnel files for five employees assigned to the WIA Programs.

Results

Generally, LACC appropriately charged payroll expenditures to the WIA Programs. However, LACC did not obtain criminal clearances for all five employees sampled. LACC also did not conduct annual performance evaluations for four (80%) of the five employees sampled. In addition, LACC did not always maintain required documentation in the employees' personnel files. Specifically, LACC did not:

- Maintain proof of employability for three (60%) of the five employees sampled.

- Maintain copies of the employees' job descriptions, resumes/applications, current driver's licenses, or proof of automobile insurance for all five employees sampled.

These findings were also noted in the prior years' monitoring reports.

Recommendations

LACC management:

3. Obtain criminal clearances for all employees.
4. Conduct annual performance evaluations.
5. Maintain required documents in the employees' personnel files including proof of employability, job descriptions, copies of current driver's licenses, etc.

COST ALLOCATION PLAN

Objective

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed LACC's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during September and December 2006 to ensure that the expenditures were properly allocated to the Agency's appropriate programs.

Results

LACC's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoice reconciled to the Agency's financial accounting records.

Verification

We traced LACC's FY 2005-06 general ledger to the Agency's final close-out invoice for FY 2005-06. In addition, we reviewed a sample of expenditures incurred in June 2006.

Results

LACC's FY 2005-06 general ledger reconciled to the Agency FY 2005-06 final close-out invoice.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from Fiscal Year 2005-06 monitoring review were implemented. The report was issued in December 2006.

Results

The prior year's monitoring report contained eleven recommendations. At the time of our review, LACC implemented seven recommendations. As previously indicated, Recommendations 1, 3, 4, and 5 in this report were also in our prior monitoring review. LACC management indicated that the Agency will implement the outstanding recommendation by June 30, 2008.

Recommendation

6. LACC management implement the outstanding recommendations addressed in this report.



December 13, 2007

J. Tyler McCauley
Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Suite #51
Alhambra, CA 91803

Dear Mr. McCauley:

This is in response to your final monitoring report, which we received on December 3, 2007 in regards to the monitoring visit that your agency conducted on April 3-5, 2007.

The following is our response to the final report and the findings:

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Recommendation

LACCD Management:

1. Obtain two authorized signatures on all checks unless CSS management responds to the request for exemption.

Response

The LACCD/LAMC WorkSource Center had submitted a letter to Community and Senior Services (CSS) in November 2006 requesting that CSS waive the two signatures requirement on each check, but received no response. In November 2007, we have submitted another letter to CSS requesting an exemption to this contract requirement. At the exit conference in November 14, 2007, Heberto Sanchez from CSS Compliance Unit stated that he will follow up on the status of the

letter and have a response by the following week. However, at this time, we are still waiting for this response.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether LACCD'S fixed assets and equipment purchases made with WIA funds are used for the WIA program and safeguarded

Recommendation

LACCD management:

- 2. LACCD management ensure that the equipment and inventory listing is regularly updated and that it includes all the required information.**

Response

As it was stated in the monitoring final report, an updated inventory listing was given to Yoon Bae, Accountant-Auditor, at the exit conference on November 14, 2007. The LACCD/LAMC WorkSource Center will update the inventory listing as changes occur.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Recommendations

LACCD management:

- 3. Obtain a criminal clearance for all employees.**
- 4. Conduct annual performance evaluations.**
- 5. Maintain required documents in the employees' personnel files.**

Response

The WorkSource Center will periodically follow-up with LACCD to ensure the required documentation are available for review. The Los Angeles Community College District requires all new hires be fingerprinted by Livescan system prior to commencement of work. The hard copy Report of Conviction forms are reviewed and maintained by the Labor Relations division for clearance.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Recommendation

- 6. LACCD management implements the outstanding recommendations addressed in this report.**

Responses addressed above.

If you have any question or need further information, please contact Maricela Quevedo at (818) 899-1529.

Sincerely,

A handwritten signature in black ink, appearing to read 'Maricela Quevedo', with a stylized flourish at the end.

Maricela Quevedo
NESFV WorkSource Coordinator